## Message Text

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INFO AMEMBASSY BERLIN

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AMEMBASSY WARSAW

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E.O.11652:N/A

TAGS:COMECON, ENRG, EEWT, UR

SUBJECT:KOSYGIN SPEECH AT CEMA SESSION

SUMMARY: AS SEEN FROM MOSCOW, KOSYGIN'S JUNE 27 SPEECH IN BUCHAREST IS A SOBER ADMISSION THAT CEMA INTEGRATION STILL HAS A LONG WAY TO GO, AT LEAST IN SOVIET EYES, AND THAT BETTER COORDINATION OF NATIONAL PLANNING IS ESSENTIAL TO FUTURE DEVELOPMENT OF THE ORGANIZATION. HIS ADMISSION THAT LONG TERM TARGET PROGRAMS, EVEN THOUGH THEY ARE "NOT DECLARATIONS BUT PLANS", WILL NEED FILLING OUT WITH THE NECESSARY SUBSTANCE IN 1979, SEEMS TO BE A TACIT ADMISSION THAT THE HARD BARGAINING LIES LIMITED OFFICIAL USE

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AHEAD. PRESUMABLY THE SOVIETS THEMSELVES ARE HARD PRESSED TO BE DEFINITIVE ABOUT FUTURE OIL DELIVERIES, AND THIS MAY BE ONE OF THE SOURCES OF THE TROUBLE, BUT THIS IS ALSO THEIR STRONGEST WEAPON IN PROMOTING "INTEGRATION."

1. AS PUBLISHED IN PRAVDA (JUNE 28) -- ASSUME

DEPARTMENT HAS TEXT -- THE KOSYGIN SPEECH AT CEMA SEEMS A SOBER ONE, REFLECTING SOVIET PREFERENCE FOR A HIGHER ORDER OF INTEGRATION IN CEMA, ALONG WITH AN ADMISSION OF THE EXISTENCE OF A NUMBER OF PROBLEMS, ONLY SOME OF WHICH CAN BE ATTRIBUTED TO THE BOGEYMAN OF THE BUSINESS CYCLE IN THE WEST

- 2. THE FOLLOWING POINTS APPEAR TO US TO BE THE MOST NOTEWORTHY IN THE PRESENTATION:
- THE DRAFT LONG-TERM TARGET PROGRAMS ON FUEL, ENERGY AND RAW MATERIALS; FOOD PRODUCTION; AND MACHINE BUILDING STILL HAVE ONLY "GENERAL CONTOURS," WITH THE HARD TASK OF DETERMINING MATERIAL AND FINANCIAL RESOURCES, PARTICIPATIO AND TASKING STILL TO BE COMPLETED IN 1979. THE PROGRAMS, WHICH HE DEFINES AS THE CHIEF WORK OF THE PRESENT MEETING, ARE "NOT DECLARATIONS BUT PLANNING DOCUMENTS" AND SHOULD BE FITTED INTO THE VARIOUS NATIONAL FIVE YEAR PLANS, 1981-5
- THE REFERENCES TO VARIOUS "UNRESOLVED QUESTIONS" AND PROBLEMS OF CEMA, MOST ATTRIBUTED GENEROUSLY BY KOSYGIN TO "OUR MOVEMENT FORWARD" BUT SOME TO "INSUFFICIENCIES IN OUR WORK" OR "OBJECTIVE DIFFICULTIES" STEMMING FROM VARIOUS FORCES, SOME OF THEM "EXTERNAL CAUSES." HE APPEARS TO FIND THE SOLUTIONS TO THESE PROBLEMS IN CLOSER COORDINATION OF PLANNING 8Y MEMBER COUNTRIES, WITH A HARMONIZATION OF THE LONG TERM TARGET LIMITED OFFICIAL USE

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PROGRAMS WITH 8ILATERAL PROGRAMS OF SPECIALIZATION, EVEN WHILE CONCEDING THAT IT IS "NOT SIMPLE"
TO COORDINATE MULTILATERAL AND BILATERAL PLANNING.
KOSYGIN ALSO ARGUES FOR A HIGHER DEGREE OF COORDINATING THE NEXT ROUND OF FIVE YEAR PLANS AMONG CEMA MEMBER COUNTRIES.

- HIS EMPHASIS ON THE IMPORTANCE OF THE ENGINEERING SECTOR IN ACCOMPLISHING CEMA PLANS PRIMARILY THROUGH THE STRENGTH OF MEMBER STATES THEMSELVES, WHOSE "POTENTIAL" NEEDS TO BE MORE EFFECTIVELY EXPLOITED.
- HIS REFERENCE TO ATOMIC ENERGY, DIRECTLY FOLLOWING HIS CALLS FOR CONCENTRATION OF EXPEDITED COMPLETION OF THE MOST IMPORTANT CEMA PROJECTS.
- HIS GLOOMY PROGNOSIS FOR THE CONSUMER GOODS AREA, CONNECTED AS HE SAID "WITH A VERY BIG NUMBER OF PROBLEMS" NOT ALL OF WHICH IT WOULD BE POSSIBLE TO RESOLVE IN THE PROGRAMS.
- 3. IT WAS PREDICTABLE THAT KOSYGIN WOULD FIND THE PRESENT STATE OF CEMA INTEGRATION TO BE INSUFFICIENT. IN SEEKING TO FORCE RECALCITRANT MEMBERS TO SEE THE REGION'S PROBLEMS IN THE SAME LIGHT AS HE DOES, KOSYGIN HAS A POTENT WEAPON IN THE PROMISE OF SOVIET OIL, WHICH PRESUMABLY GAINS IN

VALUE TO IMPORTERS AS THE GAP BETWEEN THEIR NEEDS AND SOVIET EXPORT POSSIBILITIES WIDENS. THE NEGOTIATIONS ON SOVIET OIL DELIVERIES IN THE 1981-85 PERIOD WILL PROCEED APACE WITH CONSIDERATION OF THE NEXT FIVE YEAR PLAN IN MEMBER COUNTRIES, AND THIS MAY GIVE THE SOVIETS THE OPPORTUNITY TO PRESS HARDER FOR THE GREATER COORDINATION OF NATIONAL PLANNING WHICH THEY WOULD LIKE SO MUCH TO SEE OCCUR. TOON

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Subject: KOSYGIN SPEECH AT CEMA SESSION SUMMARY: AS SEEN FROM MOSCOW, KOSYGIN'S JUNE 27 SPEECH IN BUCHAREST IS A

SOBER ADMISSION THAT CEMA INTEGR TAGS: ENRG, EEWT, UR, COMECON

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